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**UNIVERSAL SERVICE
MONITORING REPORT
CC DOCKET No. 98-202**

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2004

(Data Received Through May 2004)

Prepared by Federal and State Staff for the

Federal-State Joint Board on Universal Service in

CC Docket No. 96-45

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Universal Service Monitoring Report

CC Docket No. 98-202

2004

Introduction and Summary

This is the eighth report in a series of reports prepared by federal and state staff members for the Federal-State Joint Board on Universal Service in CC Docket No. 96-45 (Universal Service Joint Board).¹ This report is based on information available to us as of May 2004.² These reports contain information designed to monitor the impact of various universal service support mechanisms, and the methods used to finance them. These mechanisms were adopted by the Federal Communications Commission (Commission), based on recommendations from the Universal Service Joint Board. These reports are part of a monitoring program created by the Commission in 1997 to replace a similar program in CC Docket No. 87-339 that resulted in a series of nineteen *Monitoring Reports*.³ The current program incorporates most of the information that was collected under the previous program, and also new materials from the reports of the administrator of the universal service support mechanisms, the Universal Service Administrative Company (USAC). To enhance our monitoring ability, we have created an open docket,⁴ which allows data, materials, comments, and studies to be submitted by any interested party at any time.

The monitoring program has proven to be valuable, not only as a report on the effects of the Commission's regulatory policies, but also as a complete census of all incumbent local exchange carriers. Because smaller carriers generally are exempt from most Commission reporting requirements, the *Monitoring Report* incorporates data from several sources, including the National Exchange Carrier Association (NECA) and USAC. USAC collects information from all eligible carriers to administer the universal service support mechanisms. NECA, at the direction of the Commission, collects information in order to administer the access charge pools and also provides information to USAC that is utilized in administering the Universal Service Fund. The *Monitoring Report*, therefore, contains the only available comprehensive data on all incumbent local exchange carriers, including data on such matters as the number of telephone lines, calling volumes, and certain types of costs.

This report presents data for the eleven subject categories selected for monitoring. The first section provides information on the contributions to the universal service support mechanisms and industry revenues, on which those contributions are based. The next four sections provide information on the various support mechanisms: low-income support; high-cost support; schools

1 The last report was released on December 22, 2003. *Universal Service Monitoring Report*, CC Docket No. 98-202, 2003 (Data Received Through May 2003), prepared by the Federal and State Staff for the Federal-State Joint Board on Universal Service in CC Docket No. 96-45.

2 In some sections, data received in June have been included.

3 *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Report and Order*, FCC 97-157, para. 869 (released May 8, 1997).

4 CC Docket No. 98-202.

and libraries support; and rural health care support. The remaining six sections provide information on matters that might be affected by the support mechanisms: subscribership and penetration; rates and price indices; network usage and growth; quality of service; infrastructure; and revenues, expenses, and investment. The *Monitoring Report* is now published once a year.

The following are highlights of some of the material in this report. Section 1 provides an update on industry revenues and the universal service program requirements and contribution factors. Section 2 includes the latest data on the Lifeline and LinkUp programs. Section 3 includes the most recent projected payments for all of the high-cost support mechanisms, based on the quarterly reports from USAC. It also includes information from the latest filing by NECA for the high-cost loop fund. Section 4 includes updated data on the schools and libraries support mechanism. Section 5 includes updated data on the rural health care support mechanism. Section 6 includes the most recent Census data on subscribership from the Current Population Survey. It also includes data on telephone penetration by income by state and a discussion of the impact of Lifeline programs on penetration. Section 7 includes updated Consumer Price Index and Producer Price Index data and other updated rate information. Section 8 includes the latest NECA data on access minutes. Section 9 includes updated data on the quality of service from the Commission's Automated Reporting Management Information System (ARMIS) reports. Section 10 includes updated data on infrastructure from the ARMIS reports. Section 11 includes the latest information on revenues, expenses, and investment from the ARMIS reports.

This entire report is available electronically through the **FCC-State Link** Internet site, which can be reached at www.fcc.gov/wcb/iatd/stats.html. It is available in both page image (.pdf) format and in a compressed (.zip) format, which, when unzipped yields word processing and spreadsheet files. In addition, information received well in advance of the next *Monitoring Report* will be made available on an interim basis in separate staff reports or in raw data files (such as most NECA filings used in the *Monitoring Report*) on the **FCC-State Link** Internet site. In addition, the ARMIS data are available on the ARMIS Internet site, which can be reached at www.fcc.gov/wcb/eafs/.

For ease of public reference, parties submitting materials for this docket should provide a duplicate copy to the FCC's Reference Information Center,⁵ where copies of all materials filed in the docket are available for public reference.

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1. Industry Revenues and Contributions

This section provides a general overview of the revenues of the U.S. telecommunications industry, and the contributions to the universal service support mechanisms that are based on these revenues.¹ Most of the data for 2002 are taken from filings of annual Telecommunications Reporting Worksheets (FCC Form 499-A) made with the Universal Service Administrative Company (USAC) on April 1, 2003.² Revenue data collected on these worksheets are used to administer contributions to the universal service fund (USF), Interstate Telecommunications Relay Service (TRS), North American Numbering Plan (NANP), and local number portability (LNP) programs. Filer revenue also are used to calculate FCC Interstate Telecommunications Service Provider (ITSP) regulatory fees.³ Data presented for 2003 are taken from May 1, 2003, August 1, 2003, November 1, 2003, and February 1, 2004 FCC Form 499-Q quarterly filings.

Revenue Information

Universal service requirements include several mechanisms that help ensure that all Americans have access to affordable telecommunications service. In section 254(d) of the Telecommunications Act of 1996,⁴ Congress mandated that "[e]very telecommunications carrier that provides interstate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, to the specific, predictable, and sufficient mechanisms established by the Commission to preserve and advance universal service." The Commission implemented this mandate in a 1997 *Report and Order*.⁵ The Commission subsequently selected USAC as the administrator of

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- 1 Portions of this section are based on Industry Analysis and Technology Division, Wireline Competition Bureau, Federal Communications Commission, *Telecommunications Industry Revenues 2002* (March 2004).
 - 2 Telecommunications providers filed worksheets containing calendar year 2003 revenue data on April 1, 2004. The worksheets are filed with the FCC's Data Collection Agent, which extensively reviews and validates data. Revised filings are routinely accepted through December. As a result, the data are not considered reliable enough for publication for several months after the initial filing date.
 - 3 Much of the information filed on FCC Form 499-A is proprietary. Publicly available information on individual carriers is contained in Industry Analysis and Technology Division, Wireline Competition Bureau, Federal Communications Commission, *Telecommunications Provider Locator* (February 2004). See also gullfoss2.fcc.gov/cib/form499/499a.cfm.
 - 4 Pub. L. No. 104-104, 110 Stat. 56 *codified* at 47 U.S.C. §§ 151 *et seq.*
 - 5 See *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776 (1997) (subsequent history omitted).

the universal service support mechanisms. Telecommunications providers currently file FCC Form 499-A (Telecommunications Reporting Worksheets, due each April) and FCC Form 499-Q (Telecommunications Reporting Worksheets, due one month after the close of each calendar quarter.)

Virtually all providers of telecommunications must file FCC Form 499-A each year.⁶ Telecommunications Reporting Worksheets are not filed directly with the FCC but rather with USAC, which serves as the data collection agent. The annual worksheets for 2003 data were due April 1, 2004, but have not yet been compiled because some providers filed late or updated their filing after that date.⁷ Information from filings received after October 22, 2003 were not included in 2002 data.

FCC Form 499-A asks each filer to report total, interstate and international revenues in two broad categories: those billed to Universal Service contributors for resale (carrier's carrier revenues); and those billed to *de minimis* telecommunications providers and end users (end-user revenues). Filers must provide further breakdowns of local, wireless, and toll services.⁸ The form also asks each filer to choose the communications business that best describes its operations:⁹

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- 6 There are certain exceptions. Providers that offer telecommunications for a fee exclusively on a non-common carrier basis are not required to file if their total annual contribution to universal service would be less than \$10,000. Government entities that purchase telecommunications services in bulk on their own behalf, public safety and local government entities licensed under Subpart B of Part 90 of the Commission's rules, and entities providing interstate telecommunications exclusively to government or public safety entities are not required to file. In addition, broadcasters, non-profit schools, non-profit libraries, non-profit colleges, non-profit universities and non-profit health care providers are not required to file. Finally, systems integrators that derive less than 5% of their systems integration revenues from the resale of telecommunications and entities that provide services only to themselves or to commonly owned affiliates need not file.
- 7 The information in Tables 1.2 through 1.8 use year 2002 data because 2003 data from Form 499-A were not yet available to us as of May 2004, the cut-off for information contained in this report. Telecommunications Reporting Worksheets are not filed directly with the FCC but rather with the USAC, which serves as the data collection agent. The annual worksheets are due April 1, but some providers file late or update their filing after that date. Consequently, the availability of the information to the FCC is delayed.
- 8 Telecommunications providers are considered *de minimis* and thus are not required to contribute to universal service (or file Form 499-Q) if their annual contributions to universal service would be less than \$10,000. For universal service contribution purposes, any underlying service providers treat *de minimis* firms as end users.
- 9 The detailed definitions of the filer categories are contained in section III.A of the *Instructions*

- All Distance Carrier¹⁰
- Competitive Access Provider (CAP) or Competitive Local Exchange Carrier (CLEC)
- Cellular, Personal Communications Service (PCS) and Specialized Mobile Radio (SMR) Wireless Telephony Service Provider
- Coaxial Cable¹⁰
- Incumbent Local Exchange Carrier (ILEC)
- Interexchange Carrier (IXC)
- Local Reseller
- Operator Service Provider (OSP)
- Other Local Service Provider
- Other Mobile Service Provider
- Other Toll Service Provider
- Paging and Messaging Service Provider
- Payphone Provider
- Prepaid Calling Card Provider
- Private Service Provider
- Satellite Service Provider
- Shared-Tenant Service Provider
- Specialized Mobile Radio - Dispatch
- Toll Reseller
- Wireless Data Service Provider

The April 2003 FCC Form 499-A instructed carriers to report amounts actually billed to customers. This means that filers were required to report revenues net of discounts, but without making adjustments to reflect uncollectible revenues or international settlement payments or receipts.¹¹ Most filers were able to report revenues in this manner using information contained in their corporate books of account. Some service providers, however, have no business or regulatory

to the Telecommunications Reporting Worksheet, FCC Form 499-A available at www.fcc.gov/Forms/Form499-A/499a.pdf. Starting in 2004, carriers were instructed to select up to 5 ranked categories of telecommunications service providers.

- 10 The All Distance and Coaxial Cable categories were added with the April 2004 filing.
- 11 As discussed more fully below, in December 2002, the Commission made certain modifications to its contribution assessment methodology. Form 499-Q filers now file information on billed revenues for the previous quarter and both projected billed revenues and projected collected revenues for the upcoming quarter. Projected collected revenues, which are projected billed revenues less an allowance for uncollectible revenues, form the basis for USF contribution assessments.

requirements to record intrastate or international revenues separately from interstate revenues, or to use the detailed revenue categories contained in the worksheets. Many wireless providers therefore use the interim safe harbor percentages to estimate the interstate portion of their revenues.¹²

Form 499-A filings sometimes contain mistakes. Initial examination of the data occasionally reveals carrier types, revenue amounts and/or revenues reported in service categories inconsistent with the known operations of the filer. Some corrections have been made based on supplemental filer information. Nonetheless, disaggregated data are likely to be less accurate than industry totals.

Table 1.1 shows the major components of telecommunications revenues for 1997 through 2003. This table was created by simply aggregating the revenues in the major classifications designated on Form 499-A.

Tables 1.2 and 1.3 provide a look at annual industry revenues over time. Generally, Form 499-A revenue data can be tabulated in two distinct ways: by type of service provided and by type of business. Table 1.2 categorizes revenues by type of service and shows, for example, that carriers reported \$81.5 billion in wireless service revenues for 2002. This total includes wireless service revenues from some carriers that are not identified as wireless carriers. In contrast, Table 1.3 shows that wireless service providers reported total revenues of \$80.5 billion, including some revenues for fixed local and toll services.

Revenue data shown for 1992 through 1996 were derived from information filed on TRS worksheets. Revenue data for 1997 and 1998 were derived by combining TRS worksheet and Universal Service worksheet data. 1999 revenue data come from Form 499-A, which replaced both the TRS and Universal Service worksheets. Because of reporting changes, data for 1997 through 2001 are not entirely consistent with data for prior years. For example, special access revenues were included with other access revenues prior to 1997 but have been included with local private line services since then. Similarly, through 1996, filers reported as other local and mobile revenues substantial amounts of customer premises equipment, billing and collection, and other types of revenues that are excluded from contributions to universal service. These revenues are now reported as non-telecommunications revenues. Both tables contain estimates of non-telecommunications revenues that had been reported in prior years. Based on staff estimates, the 1996 telecommunications revenues reported on TRS Worksheets would have been \$10.5 billion lower if revenues had been reported using current instructions.

12 See *Instructions to the Telecommunications Reporting Worksheet, FCC Form 499-A* section III.C.3. available at <http://www.fcc.gov/Forms/Form499-A/499a-2004.pdf>. In 2001 and 2002, the interim safe harbor for wireless carriers was 15%. In December 2002, the Commission raised the wireless interim safe harbor to 28.5%. Wireless carriers began reporting revenues based on the higher interim safe harbor percent on the FCC Form 499-Q due on February 1, 2003, and began contributing on this basis in April 2003.

Some inconsistencies exist in the 1997 - 1998 period. For example, filers were required in 1997 to include inside wiring maintenance revenues as part of local exchange revenues. In 1998, filers were instructed to report these revenues as non-telecommunications service revenues. The local exchange service revenue data in Table 1.2 would show a greater increase from 1997 to 1998 if the same reporting instructions had been used for each year.

Note also that each year, many filers erroneously report substantial amounts of switched toll revenues as other long distance revenues. The data are examined and some revenues are reclassified based on staff research. Even so, the other long distance category of Table 1.2 probably continues to contain some switched toll revenues, perhaps significant amounts in some years.

Table 1.4 illustrates how data from the Form 499-A are used to develop the funding base for the USF.¹³ As noted above, providers are considered *de minimis* for USF purposes if their annual contribution is expected to be less than \$10,000. Otherwise, only those providers that are not carriers are not required to contribute.

Revenue data for individual filers are not available to the public. However, Tables 1.5 through 1.8 present detailed industry totals by type of revenue and type of filer. Table 1.5 provides a detailed breakout of revenues for each of the Form 499-A revenue categories used to report services provided to other filers for resale. Table 1.6 displays similar detail for each of the revenue categories used to report telecommunications service provided to end users. Table 1.7 combines data from Tables 1.5 and 1.6 with data on non-telecommunications revenues to develop total industry revenues. Table 1.8 provides more aggregated revenue information by type of filers. The revenue categories presented in Tables 1.5 through 1.7 are explained in the Form 499-A filing instructions.

Table 1.9 presents data from quarterly filings of FCC Form 499-Q for 2003. FCC Form 499-Q is far less detailed than Form 499-A. Because Form 499-Q filings do not include a business type, filers were categorized based on the primary business type selected on their Form 499-A filings. The quarterly form asks filers to identify revenues as carrier's carrier, contribution base end-user, or non-telecommunications and to indicate the interstate and international shares of each category. Unlike Form 499-A, the quarterly form does not require filers to attach revenues to the provision of specific types of services. Also, international-to-international revenues are included with non-telecommunications revenues rather than with end-user revenues.

The universal service rules prohibit the fund administrator from releasing company-specific information contained in Form 499-A and Form 499-Q worksheets.¹⁴ Revenue data for individual filers are not available to the public.

13 See *Telecommunications Industry Revenues 2001* for a comparison with the funding bases used for TRS, NANP, and LNP.

14 47 C.F.R. §54.711(b).

Program Requirements and Contribution Factors

Carriers make payments into the universal service mechanism based on their interstate and international end-user revenues. Carriers report their revenue data to USAC, which tabulates the data, and reports it to the Commission. The Commission reviews program requirements and revenue data, and determines the appropriate contribution factor. The Commission's Wireline Competition Bureau (formerly known as the Common Carrier Bureau) releases a public notice stating the proposed contribution factor for the upcoming quarter. If, after 14 days, the Commission takes no action regarding the proposed contribution factor, the factor becomes final.

The Commission issued orders in February 2002 and December 2002 that changed the methodology used to determine payments that carriers make into the federal universal support mechanisms. Before these changes, carriers were required to file historical revenue information each quarter, allowing the Commission to set quarterly contribution factors by simply dividing the program requirements by the contribution base (and allowing for a 1% uncollectible rate). Some carriers placed surcharges on customer bills to recover the amounts that the carriers expect to make in USF payments. These surcharges are called "pass-through" charges and revenues from these charges also are included in those carrier's contribution bases. In the past, that led a carrier's contribution requirements to be based partly on that carrier's revenues collected to pay the contribution requirements. Carriers used the term "circularity" to describe this situation. As a result of circularity and other reasons, carriers imposed markups greater than the adopted factors. To address this issue, the Commission twice changed the universal service contribution methodology.

The first change reduced each carrier's contribution base by the amount that the carrier paid into USF during the prior quarter.¹⁵ The line item "Circularity Adjustment" in Table 1.10 accounts for this change. The "Circularity Adjustment" represents the industry's actual contributions during the prior quarter as reported by USAC. This eliminated circularity as a reason for carriers to inflate pass-through charges.

15 See *Federal-State Joint Board on Universal Service, 1998 Biennial Regulatory Review - Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms, Telecommunications Services for Individuals with Hearing and Speech Disabilities, and the Americans with Disabilities Act of 1990. Administration of the North American Numbering Plan and North American Numbering Plan Cost Recovery Contribution Factor and Fund Size, Number Resource Optimization, Telephone Number Portability, Truth-in-Billing and Billing Format*, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170, Further Notice of Proposed Rulemaking and Report and Order, 17 FCC Rcd 3752 (2002).

After this first change, carriers continued to mark up pass-through charges to offset their uncollectibles from their customers that do not pay. This reflected the fact that carriers had to contribute on all billed end-user revenues, even those that they were not able to collect from customers. Also, carriers with declining revenues had to recover contributions from a smaller base than the amount used to calculate contributions. Carriers cited these as reasons for marking up the pass-through charges. In December 2002, the Commission adopted additional changes to its contribution methodology, which were fully implemented in the second quarter of 2003. Carriers now project the amount of end-user revenues that they will collect from their customers in the upcoming quarter. This amount is then adjusted to eliminate circularity. The details are explained fully in the Order.¹⁶ Starting with the second quarter of 2003, the "Circularity Adjustment" amounts shown in Table 1.10 (discussed in more detail below) reflect expected USF contributions for the quarter rather than the industry's actual contributions from a prior quarter.

Table 1.10 shows the program funding requirements for 2003 and the first three quarters of 2004. For each program and for each quarter, the table lists projected program demand, administrative costs, interest income, and periodic true-ups. The table also shows the revenue base and contribution factors for each quarter. The Commission then reduces the subtotal by 1% to reflect the fact that some contribution assessments may prove uncollectible.

Table 1.11 shows universal service disbursements on a mechanism-by-mechanism basis for 2002 and 2003.¹⁷ The schools and libraries mechanism and the rural health care mechanism operate on a school-year basis rather than a calendar-year basis, so for the purposes of Table 1.11, Funding Year 2001 (July 1, 2001 through June 30, 2002) disbursements were used for these two mechanisms for 2002, and Funding Year 2002 (July 1, 2002 through June 30, 2003) disbursements were used for 2003. For these two mechanisms, the bulk of a funding year disbursements are made in the second half of the funding year. Chart 1.1 shows the same information graphically.

16 See *Federal-State Joint Board on Universal Service, 1998 Biennial Regulatory Review - Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms, Telecommunications Services for Individuals with Hearing and Speech Disabilities, and the Americans with Disabilities Act of 1990, Administration of the North American Numbering Plan and North American Numbering Plan Cost Recovery Contribution Factor and Fund Size, Number Resource Optimization, Telephone Number Portability, Truth-in-Billing and Billing Format*, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170, Report and Order and Second Further Notice of Proposed Rulemaking, 17 FCC Rcd 24952 (2002).

17 Figures in Table 1.11 are lower than those in Table 1.10 due to the difference between projected demand and actual disbursements.

Table 1.12 shows, on a state-by-state basis, the total amount of funding disbursements for each of the universal service mechanisms, estimated contributions towards universal service, and the net estimated dollar flow (disbursements less estimated contributions) for 2002 and 2003.¹⁸

Technical Appendix

Carrier revenue information is not reported on a state-by-state basis. Therefore, it is necessary to estimate revenues per state in order to derive contributions made per state.

The nationwide sum of contributions to support universal service is equal to the payments made from USAC to carriers for universal service mechanisms plus administration costs. Contributions on a per-state basis are computed by multiplying nationwide contributions by the ratio of interstate end-user revenues in each state to nationwide interstate end-user revenues. Estimates of interstate end-user revenues for 2002 by state are reported in Table 1.13. Each state's share of interstate end user revenues is reported in Table 1.12.¹⁹

The remainder of this appendix provides a detailed description on how revenues are allocated to the states. Tables 1.5 and 1.6 present nationwide data on telecommunications revenues derived from information filed on Form 499-A Telecommunications Reporting Worksheets. Nationwide (cumulative) telecommunications revenues from these tables are divided into categories. These categories are ILECs' local exchange service revenues, CLEC revenues, subscriber line charge revenues, access revenues, mobile wireless revenues and toll revenues.²⁰ Table 1.14 presents telecommunication revenues for each of these categories at the nationwide level.

As set forth below, once the revenues are divided into categories, we use data from several sources to estimate each state's telecommunications revenues. Data from the *Statistics of Communication Common Carriers*²¹ are used to estimate on a state-by-state basis ILECs' local

18 For a discussion of the methodology used to estimate contributions per state for 2003, see the Technical Appendix below and Table 1.13, and for 2002 see the *2003 Monitoring Report* (December 2003).

19 State's share of interstate end user revenues are reported under the heading percent of total estimated contributions.

20 The notes in Table 1.14 discuss how revenues from Tables 1.5 and 1.6 are assigned to categories in Table 1.14.

21 Industry Analysis and Technology Division, Wireline Competition Bureau, *Statistics of Communications Common Carriers*, 2002/2003 edition (February 2004).

exchange service revenues, access revenues, and toll revenues.²² Data from tariff access filings with the FCC are used to estimate subscriber line charge (SLC) revenues. CLEC revenues are estimated on a state-by-state basis using data from FCC Form 477, and mobile wireless revenues are estimated using data from FCC Form 502.

Table 1.15 shows intrastate carrier's carrier, end-user and total telecommunication revenues by category for ILECs' local exchange service, CLECs, wireless, access, ILEC toll, and non-ILEC toll.²³ Components of interstate carrier's carrier, end-user and total telecommunications revenues are presented in Table 1.16. These components include ILECs, CLECs, wireless, SLCs, access, and toll.²⁴

Data from the 2002/2003 *Statistics of Communications Common Carriers* are adjusted prior to allocating nationwide revenues to the states. Data compiled in the *Statistics of Communications Common Carriers* include those ILECs with annual operating revenues over \$119 million for 2001 and revenues over \$121 million in 2002. The *Statistics of Communications Common Carriers* revenue data represent approximately 92 percent of the local telephone industry based on USF loops. Here, data from the *Statistics of Communications Common Carriers* are expanded to include the entire ILEC industry based on USF loops. Column 1 of Table 1.17 shows USF loops at year-end 2002. Column 2 shows the percent of the ILEC industry that is included in the tables in the *Statistics of Communications Common Carriers*. It is the average for year-end 2001 and 2002 data.²⁵ The adjustment formula in Column 3 is (100/Column 2).

In Table 1.18, ILECs' state local exchange revenues are allocated based on local exchange

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- 22 Revenues for Alaska, American Samoa, Guam, the Northern Mariana Islands, and the Virgin Islands are not estimated using data from the *Statistics of Communications Common Carriers* because these jurisdictions have no telephone companies subject to the FCC's Automated Reporting Management Information System (ARMIS) 43-01 and 43-08 reporting requirements.
 - 23 Estimated intrastate telephone revenues for Alaska, American Samoa, Guam, the Northern Mariana Islands, and the Virgin Islands are determined by multiplying the nationwide average intrastate telephone revenues per loop by number of loops in the jurisdiction.
 - 24 Estimated interstate telephone revenues for Alaska, American Samoa, Guam, the Northern Mariana Islands, and the Virgin Islands are determined by multiplying the nationwide average interstate telephone revenues per access minute by number of access minutes in the jurisdiction.
 - 25 See Table 5.1 of the *Statistics of Communications Common Carriers*, 2002/2003 edition, for year-end 2002 data.

service and state miscellaneous revenues from Table 2.11 of the 2002/2003 *Statistics of Communications Common Carriers*. Local exchange revenues for allocation are the product of reported ILECs' local exchange service and miscellaneous revenues and the adjustment formula in Table 1.17. Allocation percentages in each state are the ratio of the state's allocation revenues to nationwide revenues. Local exchange revenues by type are determined by multiplying the allocation factor by the type of revenues (see Table 1.14).

In Table 1.19, we allocate interstate and intrastate CLEC revenues on a state-by-state basis by multiplying national revenues (see Table 1.14) by an allocation percentage. For those states with publicly available data on CLEC lines that exceed 100,000, the allocation percentage is determined by dividing the number of CLEC lines as reported in FCC Form 477 by nationwide CLEC lines.²⁶ It is more difficult to determine the allocation percentage for the other states. For these states, the allocation percentage is the product of the following two percentages: 1) the percentage of nationwide CLEC lines that are in states in which CLEC line totals are not publicly available or have fewer than 100,000 CLEC lines, and 2) the ratio of Regional Bell Operating Company (RBOC) resold lines and UNE loops in the state as compared to RBOC resold lines and UNE loops in all states in which CLEC lines are not reported or have fewer than 100,000 CLEC lines reported.²⁷

In Table 1.20, we allocate interstate and intrastate mobile wireless revenues on a state-by-state basis by multiplying national revenues (see Table 1.14) by an allocation percentage. The allocation percentage is determined by dividing the number of wireless numbers in a state using data from FCC Form 502 (Numbering Resources Utilization/Forecasting) by nationwide wireless numbers.

SLC revenues are allocated by state in Table 1.21. The sum of residential non-lifeline lines (including both primary and non-primary lines) and single-line business lines are estimated by multiplying residential non-lifeline lines and single-line business lines from Table 2.17 of the 2002/2003 *Statistics of Communications Common Carriers* by the adjustment factor from Table 1.17. Column 1 shows primary residential lines and single-line business lines which is the difference between total residential and single-line business lines, and non-primary lines. Non-primary residential lines are estimated by multiplying the percentage of non-primary lines by the sum of residential non-lifeline lines and single-line business lines reported in Table 2.17 of the *Statistics of Communications Common Carriers*.²⁸ Multiline business lines (Column 3) are

26 See <<http://www.fcc.gov/wcb/iatd/comp.html>> for CLEC lines as of June 2002.

27 See <<http://www.fcc.gov/wcb/iatd/comp.html>> for RBOC data on resold lines and UNE loops as of June 2002.

28 Carriers that are not subject to price-cap regulation charge the same rate for a customer's first line as they do for additional lines. Staff estimated the percentage of non-lifeline residential and single-line business lines that are charged the non-primary access rates

estimated for the industry by multiplying the number of lines in Table 2.17 of the *Statistics of Communications Common Carriers* by the adjustment factor in Table 1.17.

Primary residential and single-line business lines SLC rates per month, shown in Column 4 are the weighted average of rates filed in the Tariff Review Plan (TRP) for price-cap carriers from the July 2001 and July 2002 filings and from NECA pool and rate-of-return carriers.²⁹ Non-primary SLC revenues per line per month for price-cap companies, shown in Column 5, are the weighted average of rates filed in the TRPs from the July of 2001 and July of 2002 filings. Multiline business SLC rates per line per month in each state, shown in Column 6, are estimated based on the rates in the July 2001 and July 2002 TRP filings for price-cap companies and from NECA pool and rate-of-return carriers.³⁰

Revenues used for allocating SLC revenues by state are determined by the following formula: $12 * [\text{primary residential and single-line business SLC per line per month} * (\text{primary residential lines and single-line business lines}) + \text{multiline business SLC per line per month} * (\text{multiline business lines}) + \text{non-primary lines} * \text{non-primary SLC per line per month}]$. Allocation percentage in each state is the ratio of the state's allocation revenues to nationwide revenues. SLC revenues are determined by multiplying the allocation factor by the type of revenues (see Table 1.14).

In Table 1.22, interstate access revenues and private line revenues are allocated on a state-by-state basis based on net access revenues. Gross access revenues for allocation are the product of interstate access revenues from Table 2.11 of the 2002/2003 *Statistics of Communications Common Carriers* and the adjustment formula presented in Table 1.17. Revenues for allocation are the difference between gross access revenues for allocation and subscriber line charge revenues. Allocation percentages in each state are the ratio of the state's allocation revenues to nationwide revenues. Access revenues by type are determined by multiplying the allocation factors by the type of revenues (see Table 1.14).

In Table 1.23, intrastate access revenues are allocated between states based on intrastate access revenues from Table 2.11 of the 2002/2003 *Statistics of Communications Common Carriers*. Intrastate access revenues for allocation are the product of these access revenues and the

based on data that the Commission receives from access filings from price-cap carriers and from ARMIS 43-08 filings.

- 29 Carrier USF loop counts are used as weights. We assume that the residential SLC for NECA pool and rate-of-return carriers during the relevant time period was \$3.50.
- 30 The rates of NECA pool carriers and rate-of-return carriers are assumed to be \$9.20 per line per month for multiline business, and \$5.50 per line per month for residential and single-line business.

adjustment formula in Table 1.17. Allocation percentage in each state is the ratio of the state's allocation revenues to nationwide revenues. Access revenues by type are determined by multiplying the allocation factor by the type of revenues (see Table 1.14).

Table 1.24 shows ILEC toll revenues of large ILECs reported in Table 2.11 of the *Statistics of Communications Common Carriers*, and ILEC intrastate toll revenues.³¹ ILEC intrastate toll revenues are the product of ILEC reported revenues and the adjustment formula in Table 1.17.

Table 1.25 shows how non-LECs' intrastate toll revenues are allocated between states based on intrastate access minutes and intrastate access revenues.³² Non-LEC toll is the difference between intrastate toll revenues and LEC toll revenues.³³ Intrastate toll revenues are reported in Table 1.14, and LEC toll revenues are reported in Table 1.24. Column 1 shows access minutes for allocation. Access minutes for allocation are the product of intrastate-interLATA access minutes from Table 2.5 of the 2002/2003 *Statistics of Communications Common Carriers* and the adjustment formula in Table 1.17. Column 2 shows each state's percentage of intrastate access minutes. Column 3 shows each state's percentage of intrastate access revenues.³⁴ The allocation percentages for non-LECs' intrastate toll revenues, presented in Column 4, are $(75\% * \text{Column 2}) + (25\% * \text{Column 3})$. Intrastate toll revenues by type presented in Columns 5 and 6 are determined by multiplying the allocation percentage by the type of revenues.

In Table 1.26, interstate toll revenues are allocated on a per state basis by interstate access minutes. Interstate access minutes are from Table 8.4. The allocation percentages are each state's percentage of interstate access minutes. Interstate toll revenues by type presented are determined by multiplying the allocation percentage by the type of revenues. (see Table 1.14).

31 ILECs' toll revenues are assumed to be intrastate revenues.

32 Intrastate access revenues are a proxy for intrastate toll rates.

33 We assume that all LEC toll revenues are end-user revenues.

34 Intrastate access revenues are reported in Table 1.23. Non-LEC toll is the difference between intrastate toll revenues and LEC toll. LEC toll is assumed to be end-user toll. Intrastate toll revenues are reported in Table 1.14 and LEC toll in Table 1.24.

Table 1.1
Total Telecommunications Industry Revenues 1/
(Dollar Amounts Shown in Millions)

	1997	1998	1999	2000	2001	2002	Preliminary 2003 <u>5/</u>
Carrier's Carrier Revenues <u>2/</u>							
Local Service <u>3/</u>	\$28,289	\$29,374	\$33,156	\$36,621	\$40,108	\$38,412	\$38,041
Wireless Service	2,752	3,060	4,652	5,144	6,180	5,020	5,086
Toll Service	11,598	13,448	14,934	21,849	19,999	16,476	18,654
Intrastate	16,201	18,892	22,293	25,553	27,848	25,770	27,347
Interstate and International <u>4/</u>	26,562	27,114	30,449	38,060	38,439	34,138	34,434
Total	42,639	45,882	52,742	63,613	66,287	59,907	61,781
End User Revenues <u>2/</u>							
Local Service <u>3/</u>	69,137	75,189	78,608	84,526	87,704	88,712	90,141
Wireless Service	30,199	33,714	43,843	56,857	68,507	76,501	84,770
Toll Service	89,193	91,607	93,311	87,767	79,302	67,222	59,028
Intrastate	117,454	123,216	134,919	147,465	155,347	154,815	153,708
Interstate and International <u>4/</u>	70,952	77,170	80,844	81,685	80,165	77,619	80,231
Total	188,406	200,386	215,763	229,149	235,513	232,434	233,939
Total Revenues							
Local Service <u>3/</u>	97,426	104,563	111,764	121,147	127,812	127,123	128,181
Wireless Service	32,951	36,775	48,495	62,000	74,687	81,521	89,857
Toll Service	100,791	105,055	108,246	109,615	99,301	83,697	77,682
Intrastate	133,655	142,108	157,212	173,018	183,195	180,585	181,055
Interstate and International <u>4/</u>	97,514	104,284	111,293	119,745	118,605	111,756	114,665
Total	\$231,168	\$246,392	\$268,505	\$292,762	\$301,800	\$292,341	\$295,720

Note: Detail may not add to totals due to rounding.

1/ Data include revenues for *de minimis* filers as well as for other carriers that are exempt from universal service contribution requirements.

2/ Carrier's carrier revenues are reported on the FCC Form 499-A as sales to other universal service contributors for resale. This includes, for example, access services that local exchange carriers provide to toll carriers. Sales to *de minimis* resellers, end-user customers, governments, non-profits, and any other non-contributors are treated as end-user revenues. Filers contribute to the universal service funding mechanisms based on their end-user revenues.

3/ Payphone revenues are included with local service revenues in this table.

4/ Revenues from calls that both originate and terminate in foreign points are reported as end-user revenues, and are included in this table, but are not included in the universal service contribution base.

5/ The preliminary 2003 data are based on FCC Form 499-Q filings. FCC Form 499Q filers do not separate revenue by type of service. The service breakdowns shown for 2003 are based on type of reporting carrier. For example, revenues from filers that identified themselves as IXC's in their most recent FCC Form 499-A filing were classified as toll revenues.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2004). Preliminary 2003 data are based on FCC Form 499-Q filings

Table 1.2
Telecommunications Industry Revenues by Service
(Dollar Amounts Shown in Millions)

	TRS Data					Universal Service & TRS Data		FCC Form 499-A Data			
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Local Exchange	\$39,235	\$40,176	\$42,245	\$45,194	\$48,717	\$53,771	\$59,245	\$64,940	\$69,947	\$72,346	\$71,320
Pay Telephone <u>1/</u>						2,182	2,536	2,218	1,932	1,585	1,192
Local Private Line <u>2/</u>	1,049	1,088	1,138	1,226	1,616	8,282	10,403	12,914	16,864	21,966	23,070
Other Local <u>3/</u>	7,687	8,002	8,302	10,428	10,543	2,847	2,179	2,501	3,249	3,391	3,418
Subscriber Line Charges <u>2/</u>						8,327	11,052	10,826	11,563	12,127	12,758
Access <u>2/</u>	29,353	30,832	32,759	33,911	35,641	21,423	18,449	18,105	17,017	15,096	13,955
Universal Service Surcharges on Local Service Bills <u>4/</u>							103	260	575	1,301	1,410
Additional Revenues from TRS Worksheets						595	595				
Total Local Service	77,324	80,098	84,443	90,759	96,516	97,426	104,563	111,764	121,147	127,812	127,123
Wireless Service	7,285	10,237	14,293	18,759	26,049	32,760	36,240	48,117	61,505	74,006	80,678
Universal Service Surcharges on Wireless Service Bills <u>4/</u>							345	379	495	681	842
Additional Revenues from TRS Worksheets						189	189				
Total Wireless Service	7,285	10,237	14,293	18,759	26,049	32,950	36,775	48,495	62,000	74,687	81,521
Operator <u>1/</u>	9,465	10,772	10,539	11,170	10,975	12,002	12,205	10,049	11,406	10,389	7,902
Non-Operator Switched Toll	54,448	60,591	61,468	65,217	73,751	72,059	74,168	78,389	75,183	65,325	54,475
Long Distance Private Line	7,783	8,067	9,043	9,719	10,665	10,504	11,952	13,169	16,189	16,402	15,108
Other Long Distance	4,048	3,095	3,428	3,523	4,299	4,695	3,386	3,656	3,372	3,259	2,445
Universal Service Surcharges on Toll Service Bills <u>4/</u>							1,810	2,983	3,467	3,927	3,767
Additional Revenues from TRS Worksheets						1,532	1,532				
Total Toll Service	75,744	82,525	84,478	89,629	99,691	100,793	105,055	108,246	109,615	99,301	83,697
Non-Telecommunications Formerly Reported as Other Local and Wireless <u>3/</u>	(6,944)	(7,518)	(8,324)	(9,071)	(10,474)						
Total Telecommunications <u>3/</u>	153,409	165,342	174,890	190,076	211,782	231,168	246,392	268,505	292,762	301,799	292,341
Non-Telecommunications <u>3/</u>	6,944	7,518	8,324	9,071	10,474	25,633	27,944	33,144	42,261	48,036	60,406
Total Reported Revenues	160,353	172,860	183,214	199,147	222,256	256,801	272,019	301,648	335,023	349,835	352,747
Service Reported as:											
Intrastate <u>3/</u>	82,379	89,409	94,278	103,852	117,375	133,654	142,108	157,212	173,018	183,195	180,585
Interstate and International	71,030	75,933	80,611	86,224	94,407	97,514	104,284	111,293	119,745	118,605	111,756
Total Telecommunications <u>3/</u>	\$153,409	\$165,342	\$174,890	\$190,076	\$211,782	\$231,168	\$246,392	\$268,505	\$292,762	\$301,799	\$292,341

See notes on next page.

Notes for Table 1.2

Note: Detail may not add to totals due to rounding. Some data for prior years have been revised.

- 1/ TRS filers generally reported pay telephone revenues as local service revenues, access revenues or operator toll revenues. The Universal Service and FCC Form 499-A worksheets contain a separate category for payphone coin revenues. Starting in 1997, payphone revenues include payphone compensation received from toll carriers.
- 2/ TRS Worksheet filers generally reported special access revenues as access revenues. Reporting changes implemented with the Universal Service Worksheet explain the increase in local private line revenues and the fall in access revenues shown for 1997. TRS Worksheet filers included subscriber line charges with other access charges. For the years 1992 - 1996, these revenues have been disaggregated by assuming that the end-user access revenues in Table 4.2 of *Statistics of Communications Common Carriers* represent 93% of industry total subscriber line charge revenues. Universal Service Worksheet filers report subscriber line charges in a separate category. The increase from 1997 to 1998 represents PICC charges levied by ILECs as well as \$1.2 billion of PICC pass-through charges levied by toll carriers.
- 3/ Significant amounts of enhanced services, billing and collection, CPE and other non-telecommunications revenues were reported in the TRS mobile and other local service categories through 1996. Universal Service Worksheet filers report these revenues in the non-telecommunications category. For prior years, the amounts of non-telecommunications revenues reported as mobile and other local revenues were estimated as 70% of the amounts that Tier 1 ILECs reported in ARMIS as miscellaneous and nonregulated revenues (currently account 5200 + account 5280) and 10% of amounts reported as mobile service revenue.
- 4/ Charges on end-user bills identified as recovering state or federal universal service contributions are reported separately from local, wireless and toll revenues. Reported amounts are apportioned between local, wireless and toll service based on the proportions of local, wireless and toll intrastate and interstate revenues by type of carrier.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2004). Data for 1992 through 1996 summarized from FCC Form 431 TRS Worksheets. Data for 1992 through 1996 summarized from FCC Form 431 TRS Worksheets. Data for 1997 and 1998 primarily based on FCC Form 457 Universal Service Worksheets. Starting in 1999, data summarized from FCC Form 499-A Telecommunications Reporting Worksheets, which replaced both FCC Form 431 and FCC Form 457.

Table 1.3
Telecommunications Revenues Reported by Type of Carrier
(Dollar Amounts Shown in Millions)

Service Provider Category <u>1/</u>	TRS Worksheet Data					Universal Service & TRS Data		FCC Form 499-A Data			
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Incumbent Local Exchange Carriers <u>2/</u>	\$91,584	\$95,228	\$98,431	\$102,820	\$107,905	\$105,154	\$108,234	\$112,216	\$116,158	\$117,885	\$114,990
Competitive Access Providers (CAPs) and Competitive Local Exchange Carriers (CLECs)	69	191	281	623	1,011	1,919	3,348	5,652	9,814	12,998	13,043
Local Resellers						206	410	511	879	1,393	1,538
Other Local Exchange Carriers						157	36	171	11	329	406
Private Carriers						112	147	87	39	15	281
Shared-Tenant Service Providers						87	93	87	202	46	42
Competitors of ILECs	69	191	281	623	1,011	2,481	4,034	6,508	10,945	14,781	15,309
Fixed Local Service Providers	91,835	95,595	99,011	103,792	109,273	107,634	112,268	118,725	127,103	132,666	130,300
Payphone Providers	183	175	300	349	357	933	1,101	1,213	972	836	641
Wireless Telephony Including Cellular, Personal Communications Service (PCS) and SMR Telephony Carriers <u>2/</u>	6,718	9,215	13,259	17,208	23,778	29,944	33,139	46,513	59,823	71,887	78,568
Paging & Messaging Service <u>2/</u>						2,861	3,161	3,232	3,102	2,197	1,473
Specialized Mobile Radio (SMR) Dispatch								186	191		206
Wireless Data Service Providers								63	36	214	
Other Mobile Service Providers	670	964	938	1,419	2,121	225	731	159	128	110	220
Wireless Service Providers	7,387	10,179	14,197	18,627	25,900	33,030	37,032	50,152	63,280	74,596	80,467
Interexchange Carriers (IXCs)	57,341	61,118	66,381	70,938	79,057	79,080	83,443	87,570	87,311	81,272	68,146
Operator Service Providers (OSPs)	558	695	536	500	461	603	590	337	635	611	554
Prepaid Calling Card Providers				16	238	519	888	866	727	133	460
Satellite Service Providers						1,011	475	280	336	373	406
Toll Resellers	1,293	1,869	2,840	4,220	6,564	8,010	9,885	9,211	10,641	8,797	9,279
Other Toll Carriers	2,186	711	709	773	577	348	710	150	1,758	2,516	2,089
Toll Service Providers	61,378	64,393	70,466	76,447	86,896	89,570	95,992	98,414	101,407	93,702	80,934
Non-Telecommunications Revenues in Prior Year Data <u>2/</u>	(6,944)	(7,518)	(8,324)	(9,071)	(10,474)						
Other Adjustments <u>3/</u>	(248)	2,693	(461)	280	187	0	0	0	0	0	0
Total Telecommunications Revenues	\$153,409	\$165,342	\$174,890	\$190,076	\$211,782	\$231,168	\$246,392	\$268,505	\$292,762	\$301,799	\$292,341

- 1/ Filers are asked to select for themselves a service provider category that best describes their operations. The choices have changed over the years. For example, most satellite service providers identified themselves as other toll carriers in their 1997 FCC Form 431 TRS worksheets because there was no separate category for satellite service providers.
- 2/ Significant amounts of enhanced service, billing and collection, CPE and other non-telecommunications revenues were reported on TRS worksheets by incumbent local exchange carriers (ILECs) and wireless carriers through 1996. Universal Service Worksheet filers report these revenues in the non-telecommunications category. For prior years, the amounts of non-telecommunications revenues reported as mobile and other local revenues were estimated as 70% of the amounts that Tier 1 ILECs reported in ARMIS as miscellaneous and nonregulated revenues (currently account 5200 + account 5280) and 10% of amounts reported as mobile service revenues.
- 3/ Other adjustments include some amounts withheld to preserve confidentiality and revisions made after the initial publication of the data.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2004).

Table 1.4
Contribution Base Revenues By Program 1/: 2002
(Dollar Amounts Shown in Millions)

	2002
Revenues subject to universal service contribution	
Interstate and international end-user revenues	\$77,619
less revenues for international - to - international services	636
less international revenues of subject filers that were excluded because interstate toll represented less than 12% of combined interstate and international revenues <u>2/</u>	1,134
less interstate and other international revenues for 2,262 filers who are <i>de minimis</i> or otherwise exempt from universal service support requirements	<u>71</u>
equals	\$75,778
Revenues subject to TRS contribution	
Interstate and international end-user revenues	\$77,619
less interstate and international revenues for 410 filers who claim to be exempt from interstate telecommunications relay service (TRS) contribution requirements	296
less interstate and international revenues for services provided for resale but reported as end user because it was provided to carriers that do not contribute to universal service support mechanisms	<u>222</u>
equals	\$77,101
Revenues subject to NANPA contribution	
Total telecommunications service end-user revenues (including intrastate, interstate and international)	\$232,434
less telecommunications revenues for 583 filers who claim to be exempt from North American Numbering Plan Administration (NANPA) contribution requirements	337
less telecommunications revenues for services provided for resale but reported as end user because it was provided to carriers that do not contribute to universal service support mechanisms	<u>264</u>
equals	\$231,833
Revenues subject to LNP contribution	
Total telecommunications service end-user revenues (including intrastate, interstate and international)	\$232,434
less telecommunications revenues for 584 filers who claim to be exempt from local number portability administration (LNP) contribution requirements	335
less telecommunications revenues for services provided for resale but reported as end user because it was provided to carriers that do not contribute to universal service support mechanisms	<u>264</u>
equals	\$231,835

1/ This table shows how contribution bases differ for different programs and provides relative magnitudes, but does not provide the actual amounts used for determining contribution amounts. Amounts shown represent the amounts contained in the FCC Form 499-A database as of October 22, 2003. The universal service administrator continues to receive additional and corrected filings. Exempt amounts were based on revenues and the filer certification statement contained in the FCC Form 499-A filings. The fund administrators use carrier type, revenue type and additional information requested from filers to review exemption claims (and in some instances, failure to make claims.) The universal service fund administrator bills delinquent filers based on estimated revenues and therefore can include estimated revenue amounts in contribution base amounts. As a result of these factors, actual contribution bases have been based on slightly different amounts than those shown. Note also that universal service contribution factors are set quarterly based on FCC Form 499-Q filings. FCC Form 499-A data are used for true-up and auditing purposes. Also note that local number portability contribution amounts are determined by region of the country rather than on a nationwide basis.

2/ International revenues are excluded from the contribution base if the total amount of interstate revenues for the filing entity consolidated with all affiliates is less than 12% of the total of interstate and international revenues for the filing entity consolidated with all affiliates. See 47 C.F.R. § 54.706(c). The threshold was increased from 8% to 12% in 2002. See *Federal-State Joint Board on Universal Service, et al.*, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-166, 98-170, *Further Notice of Proposed Rulemaking and Report and Order*, 17 FCC Rcd 3752, 3806, para. 125 (2002).

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2004).

Table 1.5
Revenues from Telecommunications Service Provided for Resale^{1/}: 2002
(Dollar Amounts Shown in Millions)

Data from FCC Form 499-A		Regional Bell Operating Company Incumbent Local Exchange Carriers				Other Incumbent Local Exchange Carriers			
Line		Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
<u>Fixed local service</u>									
303	Monthly service, local calling, connection charges, vertical features, and other local exchange service including subscriber line and PICC charges to IXC's								
a	Provided as unbundled network elements	\$2,885			\$2,885	\$99	\$6	*	\$105
b	Provided under other arrangements	1,110	\$463		1,573	128	114	*	242
	Total Line 303	3,995	463		4,458	226	120	*	347
304	Per-minute charges for originating or terminating calls								
a	Provided under state or federal access tariff	2,753	1,576		4,329	2,569	1,344	\$5	3,918
b	Provided as unbundled network elements or other contract arrangement	1,824	1,704		3,528	85	47	*	132
	Total Line 304	4,577	3,280		7,858	2,654	1,391	5	4,050
305	Local private line & special access	992	9,642		10,634	247	1,025	*	1,272
306	Payphone compensation from toll carriers	98	82		180	5	6	*	11
307	Other local telecommunications service revenues	1,296	181		1,477	27	11		38
308	Universal service support revenue received from federal or state sources	380	1,166		1,547	607	1,526	*	2,133
	Total fixed local service provided for resale	11,338	14,815		26,152	3,765	4,080	5	7,851
<u>Mobile service (including wireless telephony, paging & messaging, and other mobile services)</u>									
309	Monthly, activation, and message charges except toll	56			56	9	1		10
	Total mobile service provided for resale	56			56	9	1		10
<u>Toll service</u>									
310	Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.)	*	*		*	1	*		1
311	Ordinary long distance (MTS, customer toll-free 800/888/877/866 service, "10-10 calls", associated monthly account maintenance, PICC pass-through, and other switched services not reported above)	98	1		98	12	5	*	17
312	Long distance private line services	32	6		38	11	3		14
313	Satellite services								
314	All other long distance services	1	1		2	17	2		19
	Total toll service provided for resale	131	7		138	41	10	*	51
	Total service provided for resale (carrier's carrier)	\$11,525	\$14,822		\$26,346	\$3,815	\$4,091	\$6	\$7,912

Note: Amounts may not add to totals due to rounding.

* Denotes values greater than \$0 but less than \$500,000.

^{1/} Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal universal service contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2004).

Table 1.5
Revenues from Telecommunications Service Provided for Resale ^{1/}: 2002
Continued
(Dollar Amounts Shown in Millions)

Data from FCC Form 499-A		CLECS and Other Fixed Local Competitors				Payphone Providers			
Line		Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
<u>Fixed local service</u>									
303	Monthly service, local calling, connection charges, vertical features, and other local exchange service including subscriber line and PICC charges to IXC's								
a	Provided as unbundled network elements	\$132	\$187	\$4	\$322	*			*
b	Provided under other arrangements	63	2		65				
	Total Line 303	195	189	4	388	*			*
304	Per-minute charges for originating or terminating calls								
a	Provided under state or federal access tariff	686	549	4	1,239	*			*
b	Provided as unbundled network elements or other contract arrangement	384	233	*	616				
	Total Line 304	1,069	782	4	1,855	*			*
305	Local private line & special access	569	110	*	679	\$1	*	*	\$1
306	Payphone compensation from toll carriers	*	4		4	75	\$60	\$2	137
307	Other local telecommunications service revenues	173	265	*	438	5	1	*	6
308	Universal service support revenue received from federal or state sources	4	2		6	*	*		*
	Total fixed local service provided for resale	2,011	1,351	8	3,370	81	62	2	144
<u>Mobile service (including wireless telephony, paging & messaging, and other mobile services)</u>									
309	Monthly, activation, and message charges except toll	1			1				
	Total mobile service provided for resale	1			1				
<u>Toll service</u>									
310	Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.)	28	*	*	29	1	*	*	2
311	Ordinary long distance (MTS, customer toll-free 800/888/877/866 service, "10-10 calls", associated monthly account maintenance, PICC pass-through, and other switched services not reported above)	189	124	26	339	*	*	*	*
312	Long distance private line services	141	397	59	596				
313	Satellite services		*	96	96				
314	All other long distance services	30	16	*	45	*	1	*	1
	Total toll service provided for resale	388	537	181	1,105	2	1	*	3
	Total service provided for resale (carrier's carrier)	\$2,400	\$1,888	\$188	\$4,476	\$83	\$63	\$2	\$147

Note: Amounts may not add to totals due to rounding.

* Denotes values greater than \$0 but less than \$500,000.

^{1/} Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal universal service contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2004).

Table 1.5
Revenues from Telecommunications Service Provided for Resale ^{1/}: 2002
Continued
(Dollar Amounts Shown in Millions)

Data from FCC Form 499-A		Cellular, PCS and SMR Wireless Telephony				Other Wireless			
Line		Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
<u>Fixed local service</u>									
303	Monthly service, local calling, connection charges, vertical features, and other local exchange service including subscriber line and PICC charges to IXC's								
a	Provided as unbundled network elements	\$1	*		\$1				
b	Provided under other arrangements	2.4	*		2.7	*			*
	Total Line 303	3	*		3	*			*
304	Per-minute charges for originating or terminating calls								
a	Provided under state or federal access tariff					\$1	\$1		\$1
b	Provided as unbundled network elements or other contract arrangement	36	\$3	*	38				
	Total Line 304	36	3	*	38	1	1		1
305	Local private line & special access	15	1		16			*	
306	Payphone compensation from toll carriers	*	*		*	*	*		*
307	Other local telecommunications service revenues	1			1	2	1		3
308	Universal service support revenue received from federal or state sources	14	1	*	14				
	Total fixed local service provided for resale	68	4	*	72	2	2	*	4
<u>Mobile service (including wireless telephony, paging & messaging, and other mobile services)</u>									
309	Monthly, activation, and message charges except toll	3,896	607	\$12	4,516	229	77		306
	Total mobile service provided for resale	3,896	607	12	4,516	229	77		306
<u>Toll service</u>									
310	Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.)	*	*		1				
311	Ordinary long distance (MTS, customer toll-free 800/888/877/866 service, "10-10 calls", associated monthly account maintenance, PICC pass-through, and other switched services not reported above)	343	135	2	480	4	1	*	5
312	Long distance private line services	*	*	*	1				
313	Satellite services					*	*		*
314	All other long distance services	*	*		1				
	Total toll service provided for resale	344	136	2	482	4	1	*	5
	Total service provided for resale (carrier's carrier)	\$4,308	\$747	\$14	\$5,070	\$236	\$80	*	\$315

Note: Amounts may not add to totals due to rounding.

* Denotes values greater than \$0 but less than \$500,000.

^{1/} Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal universal service contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2004).

Table 1.5
Revenues from Telecommunications Service Provided for Resale ^{1/}: 2002
Continued
(Dollar Amounts Shown in Millions)

Data from FCC Form 499-A		Toll Carriers				Total All Filers			
Line		Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
<u>Fixed local service</u>									
303	Monthly service, local calling, connection charges, vertical features, and other local exchange service including subscriber line and PICC charges to IXCs								
a	Provided as unbundled network elements	\$73	\$22	\$67	\$162	\$3,190	\$215	\$71	\$3,476
b	Provided under other arrangements	74	9	*	83	1,376	589	*	1,965
	Total Line 303	147	31	67	245	4,566	803	71	5,441
304	Per-minute charges for originating or terminating calls								
a	Provided under state or federal access tariff	48	51	4	102	6,057	3,521	12	9,590
b	Provided as unbundled network elements or other contract arrangement	40	10	2	51	2,368	1,996	2	4,365
	Total Line 304	88	60	5	153	8,425	5,517	13	13,955
305	Local private line & special access	271	88	1	360	2,094	10,866	1	12,961
306	Payphone compensation from toll carriers	7	12	*	19	184	165	2	351
307	Other local telecommunications service revenues	19	1	*	20	1,522	460	*	1,982
308	Universal service support revenue received from federal or state sources	22	*		22	1,027	2,695	*	3,722
	Total fixed local service provided for resale	554	193	73	819	17,819	20,506	87	38,412
<u>Mobile service (including wireless telephony, paging & messaging, and other mobile services)</u>									
309	Monthly, activation, and message charges except toll	111	20	*	131	4,302	706	12	5,020
	Total mobile service provided for resale	111	20	*	131	4,302	706	12	5,020
<u>Toll service</u>									
310	Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.)	35	257	947	1,239	66	258	947	1,271
311	Ordinary long distance (MTS, customer toll-free 800/888/877/866 service, "10-10 calls", associated monthly account maintenance, PICC pass-through, and other switched services not reported above)	2,123	4,320	3,522	9,965	2,769	4,585	3,551	10,904
312	Long distance private line services	549	2,145	520	3,214	733	2,551	579	3,863
313	Satellite services	*	80	32	112	*	81	128	209
314	All other long distance services	34	116	12	162	83	136	12	230
	Total toll service provided for resale	2,740	6,919	5,033	14,692	3,650	7,611	5,216	16,476
	Total service provided for resale (carrier's carrier)	\$3,404	\$7,132	\$5,105	\$15,642	\$25,770	\$28,823	\$5,315	\$59,907
Note: Amounts may not add to totals due to rounding. * Denotes values greater than \$0 but less than \$500,000. ^{1/} Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal universal service contributions.									

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2004).

Table 1.6
Revenues from Telecommunications Service Provided to End Users: 2002
(Dollar Amounts Shown in Millions)

Data from FCC Form 499-A		Regional Bell Operating Company Incumbent Local Exchange Carriers				Other Incumbent Local Exchange Carriers			
Line		Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
<u>Fixed local service</u>									
404	Monthly service, local calling, connection charges, vertical features, and other local exchange service charges except for federally tariffed subscriber line charges and PICC charges	\$46,782	\$255		\$47,037	\$7,110	\$11	*	\$7,122
405	PICC charges levied by a local exchange carrier on a no-PIC customer and tariffed subscriber line charges	277	9,547		9,824	70	1,821	*	1,891
	Total local exchange (Line 404 + Line 405)	47,059	9,802		56,861	7,180	1,832	*	9,012
406	Local private line and special access service	2,756	3,327		6,083	326	182	*	508
407	Payphone coin revenues	396	1		397	28	*	*	28
408	Other local telecommunications service revenues	1,099	37		1,136	83	3	*	87
	Line 403 surcharges on fixed local service 1/	196	911		1,106	32	112		144
	Total fixed local service provided to end users	51,506	14,076		65,582	7,649	2,130	*	9,779
<u>Mobile service (including wireless telephony, paging & messaging, and other mobile services)</u>									
409	Monthly and activation charges	164	*		165	40	6		46
410	Message charges including roaming, but excluding toll charges	117	7		124	17	4		20
	Line 403 surcharges on mobile service 1/	1	*		1	*	*		*
	Total mobile service provided to end users	283	8		291	57	9		67
<u>Toll service</u>									
411	Prepaid calling card (including card sales to customers and non-carrier distributors) reported at face value of cards	3	1		4	*	*	*	1
412	International calls that both originate and terminate in foreign points								
413	Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.) other than revenues reported on Line 412	139	2		141	6	2	*	8
414	Ordinary long distance (MTS, customer toll-free 800/888/877/866 service, "10-10" calls, associated monthly account maintenance, PICC pass-through, and other switched services not reported above)	3,327	86	\$2	3,415	323	37	\$2	363
415	Long distance private line services	922	1		923	80	7	*	87
416	Satellite services								
417	All other long distance services	45	*		45	9	1	*	11
	Line 403 surcharges on toll service 1/	8	7		15	2	2	*	4
	Total toll service provided to end users	4,443	97	2	4,542	421	48	3	472
	Total telecommunications service provided to end users	\$56,231	\$14,181	\$2	\$70,414	\$8,128	\$2,187	\$3	\$10,318

Note: Amounts may not add to totals due to rounding.

* Denotes values greater than \$0 but less than \$500,000.

1/ Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2004).

Table 1.6
Revenues from Telecommunications Service Provided to End Users: 2002
Continued
(Dollar Amounts Shown in Millions)

Data from FCC Form 499-A		CLECS and Other Fixed Local Competitors				Payphone Providers			
Line		Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
<u>Fixed local service</u>									
404	Monthly service, local calling, connection charges, vertical features, and other local exchange service charges except for federally tariffed subscriber line charges and PCCC charges	\$5,077	\$169	\$4	\$5,250	*	*		*
405	PCCC charges levied by a local exchange carrier on a no-PIC customer and tariffed subscriber line charges	58	646	*	704				
	Total local exchange (Line 404 + Line 405)	5,135	815	4	5,954	*	*		*
406	Local private line and special access service	941	1,134	*	2,074	\$1	*	*	\$1
407	Payphone coin revenues	7	3		10	354	\$15	*	369
408	Other local telecommunications service revenues	149	7	*	156	1	*	*	1
	Line 403 surcharges on fixed local service 1/	18	63	*	82	*	*		*
	Total fixed local service provided to end users	6,249	2,022	4	8,275	356	15	*	372
<u>Mobile service (including wireless telephony, paging & messaging, and other mobile services)</u>									
409	Monthly and activation charges	10	1	*	11	*	*		*
410	Message charges including roaming, but excluding toll charges	24	4		29				
	Line 403 surcharges on mobile service 1/	*	*		1				
	Total mobile service provided to end users	34	6	*	40	*	*		*
<u>Toll service</u>									
411	Prepaid calling card (including card sales to customers and non-carrier distributors) reported at face value of cards	1	1	*	2	1	1	*	2
412	International calls that both originate and terminate in foreign points			2	2				
413	Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.) other than revenues reported on Line 412	47	29	5	81	102	17	*	119
414	Ordinary long distance (MTS, customer toll-free 800/888/877/866 service, "10-10" calls, associated monthly account maintenance, PCCC pass-through, and other switched services not reported above)	681	873	168	1,722	*	*	*	*
415	Long distance private line services	129	419	13	561				
416	Satellite services	4	7	*	11				
417	All other long distance services	22	11	5	38		*		*
	Line 403 surcharges on toll service 1/	11	87	3	101	*	*		*
	Total toll service provided to end users	895	1,427	197	2,518	102	19	*	122
	Total telecommunications service provided to end users	\$7,178	\$3,454	\$201	\$10,834	\$459	\$34	\$1	\$494

Note: Amounts may not add to totals due to rounding.

* Denotes values greater than \$0 but less than \$500,000.

1/ Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2004).

Table 1.6
Revenues from Telecommunications Service Provided to End Users: 2002
Continued
(Dollar Amounts Shown in Millions)

Data from FCC Form 499-A		Cellular, PCS and SMR Wireless Telephony				Other Wireless			
Line		Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
<u>Fixed local service</u>									
404	Monthly service, local calling, connection charges, vertical features, and other local exchange service charges except for federally tariffed subscriber line charges and PICC charges	\$60	\$2	*	\$62	\$3	*		\$3
405	PICC charges levied by a local exchange carrier on a no-PIC customer and tariffed subscriber line charges	*	2		2		*		*
	Total local exchange (Line 404 + Line 405)	61	3	*	64	3	*		3
406	Local private line and special access service	10	*		10	7	\$14		21
407	Payphone coin revenues	*	*		*	*	*		*
408	Other local telecommunications service revenues	7	*		7	1	*	*	1
	Line 403 surcharges on fixed local service 1/	*	*		*	*	1		1
	Total fixed local service provided to end users	78	4	*	81	11	16	*	27
<u>Mobile service (including wireless telephony, paging & messaging, and other mobile services)</u>									
409	Monthly and activation charges	34,726	6,616	\$139	41,481	1,212	180	\$2	1,394
410	Message charges including roaming, but excluding toll charges	24,734	5,372	51	30,157	68	40	3	111
	Line 403 surcharges on mobile service 1/	219	565	1	785	13	10	*	23
	Total mobile service provided to end users	59,680	12,553	190	72,423	1,294	230	4	1,528
<u>Toll service</u>									
411	Prepaid calling card (including card sales to customers and non-carrier distributors) reported at face value of cards	11	3	1	15	*	*	*	*
412	International calls that both originate and terminate in foreign points			*	*			*	*
413	Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.) other than revenues reported on Line 412	15	3	*	19	*	*	*	1
414	Ordinary long distance (MTS, customer toll-free 800/888/877/866 service, "10-10" calls, associated monthly account maintenance, PICC pass-through, and other switched services not reported above)	724	201	11	936	14	6	*	20
415	Long distance private line services	3	*	*	3	*	2		2
416	Satellite services						4		4
417	All other long distance services	*	3	2	5	*	*		*
	Line 403 surcharges on toll service 1/	3	13	*	16	*	1	*	1
	Total toll service provided to end users	757	223	14	994	15	13	*	29
	Total telecommunications service provided to end users	\$60,515	\$12,780	\$204	\$73,498	\$1,321	\$258	\$5	\$1,584

Note: Amounts may not add to totals due to rounding.

* Denotes values greater than \$0 but less than \$500,000.

1/ Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2004).

Table 1.6
Revenues from Telecommunications Service Provided to End Users: 2002
Continued
(Dollar Amounts Shown in Millions)

Data from FCC Form 499-A		Toll Carriers				Total All Filers			
Line		Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
<u>Fixed local service</u>									
404	Monthly service, local calling, connection charges, vertical features, and other local exchange service charges except for federally tariffed subscriber line charges and PICC charges	\$2,668	\$10	\$7	\$2,684	\$61,701	\$446	\$11	\$62,158
405	PICC charges levied by a local exchange carrier on a no-PIC customer and tariffed subscriber line charges	*	338		338	405	12,353	*	12,758
	Total local exchange (Line 404 + Line 405)	2,668	348	7	3,022	62,106	12,800	11	74,916
406	Local private line and special access service	985	427	*	1,412	5,026	5,083	*	10,109
407	Payphone coin revenues	24	10	4	37	808	29	4	841
408	Other local telecommunications service revenues	24	21	2	47	1,364	69	2	1,436
	Line 403 surcharges on fixed local service 1/	7	70	*	77	252	1,157	1	1,410
	Total fixed local service provided to end users	3,707	875	13	4,595	69,556	19,138	18	88,712
<u>Mobile service (including wireless telephony, paging & messaging, and other mobile services)</u>									
409	Monthly and activation charges	1,372	254	1	1,627	37,525	7,057	141	44,723
410	Message charges including roaming, but excluding toll charges	415	79	*	495	25,376	5,506	54	30,935
	Line 403 surcharges on mobile service 1/	2	29	*	31	236	606	1	842
	Total mobile service provided to end users	1,789	362	1	2,152	63,137	13,168	196	76,501
<u>Toll service</u>									
411	Prepaid calling card (including card sales to customers and non-carrier distributors) reported at face value of cards	90	144	587	820	105	150	588	843
412	International calls that both originate and terminate in foreign points			633	633			636	636
413	Operator and toll calls with alternative billing arrangements (credit card, collect, international call-back, etc.) other than revenues reported on Line 412	1,738	2,086	960	4,784	2,048	2,139	966	5,153
414	Ordinary long distance (MTS, customer toll-free 800/888/877/866 service, "10-10" calls, associated monthly account maintenance, PICC pass-through, and other switched services not reported above)	12,071	19,328	5,717	37,116	17,141	20,531	5,899	43,572
415	Long distance private line services	947	7,437	1,286	9,669	2,081	7,866	1,299	11,245
416	Satellite services	6	111	129	246	10	122	129	261
417	All other long distance services	523	1,054	69	1,646	600	1,070	77	1,746
	Line 403 surcharges on toll service 1/	115	3,364	152	3,631	139	3,473	155	3,767
	Total toll service provided to end users	15,489	33,525	9,531	58,545	22,122	35,351	9,748	67,222
	Total telecommunications service provided to end users	\$20,984	\$34,762	\$9,546	\$65,292	\$154,815	\$67,657	\$9,962	\$232,434

Note: Amounts may not add to totals due to rounding.

* Denotes values greater than \$0 but less than \$500,000.

1/ Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2004).

Table 1.7
Total Revenues: 2002
(Dollar Amounts Shown in Millions)

Data from FCC Form 499-A		Regional Bell Operating Company Incumbent Local Exchange Carriers				Other Incumbent Local Exchange Carriers			
Line		Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
	Fixed local service other than payphone [Lines 303, 304, 305, 307, 308, 404, 405, 406, 408, and a portion of 403 1/]	\$62,350	\$28,808		\$91,158	\$11,382	\$6,203	\$6	\$17,590
	Payphone [Lines 306 and 407]	494	83		576	33	7	*	40
	Mobile service [Lines 309, 409, 410, and a portion of 403 1/]	339	8		347	66	11		77
	Toll service [Lines 310, 311, 312, 313, 314, 411, 412, 413, 414, 415, 416, 417, and a portion of 403 1/]	4,574	104	\$2	4,679	462	58	4	523
	Total telecommunications service revenues	67,756	29,002	2	96,760	11,942	6,279	9	18,230
	Total telecommunications service provided for resale (from Table 1.5)	11,525	14,822		26,346	3,815	4,091	6	7,912
	Total telecommunications service provided to end users (from Table 1.6)	<u>56,231</u>	<u>14,181</u>	<u>2</u>	<u>70,414</u>	<u>8,128</u>	<u>2,187</u>	<u>3</u>	<u>10,318</u>
	Total telecommunications service revenues	67,756	29,002	2	96,760	11,942	6,279	9	18,230
418	Enhanced services, inside wiring maintenance, billing and collection, customer premises equipment, published directory, dark fiber, Internet access, cable TV program transmission, and non-telecommunications service revenues	---	---	---	10,925	---	---	---	2,745
419	Gross billed revenues from all sources	---	---	---	\$107,685	---	---	---	\$20,975

Note: Amounts may not add to totals due to rounding.
* Denotes values greater than \$0 but less than \$500,000.
1/ Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal universal service contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2004).

Table 1.7
Total Revenues: 2002
Continued
(Dollar Amounts Shown in Millions)

Data from FCC Form 499-A		CLECS and Other Fixed Local Competitors				Payphone Providers			
Line		Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
	Fixed local service other than payphone [Lines 303, 304, 305, 307, 308, 404, 405, 406, 408, and a portion of 403 1/]	\$8,253	\$3,366	\$12	\$11,631	\$9	\$2	*	\$10
	Payphone [Lines 306 and 407]	7	7		14	429	75	\$2	506
	Mobile service [Lines 309, 409, 410, and a portion of 403 1/]	35	6	*	41	*	*		*
	Toll service [Lines 310, 311, 312, 313, 314, 411, 412, 413, 414, 415, 416, 417, and a portion of 403 1/]	1,283	1,963	377	3,624	104	20	*	125
	Total telecommunications service revenues	9,578	5,342	389	15,309	542	97	2	641
	Total telecommunications service provided for resale (from Table 1.5)	2,400	1,888	188	4,476	83	63	2	147
	Total telecommunications service provided to end users (from Table 1.6)	<u>7,178</u>	<u>3,454</u>	201	<u>10,834</u>	<u>459</u>	<u>34</u>	1	<u>494</u>
	Total telecommunications service revenues	9,578	5,342	389	15,309	542	97	2	641
418	Enhanced services, inside wiring maintenance, billing and collection, customer premises equipment, published directory, dark fiber, Internet access, cable TV program transmission, and non-telecommunications service revenues	---	---	---	7,846	---	---	---	33
419	Gross billed revenues from all sources	---	---	---	\$23,155	---	---	---	\$674

Note: Amounts may not add to totals due to rounding.

* Denotes values greater than \$0 but less than \$500,000.

1/ Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal universal service contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2004).

Table 1.7
Total Revenues: 2002
Continued
(Dollar Amounts Shown in Millions)

Data from FCC Form 499-A		Cellular, PCS and SMR Wireless Telephony				Other Wireless			
Line		Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
	Fixed local service other than payphone [Lines 303, 304, 305, 307, 308, 404, 405, 406, 408, and a portion of 403 1/]	\$146	\$8	*	\$154	\$14	\$17	*	\$31
	Payphone [Lines 306 and 407]	*	*		*	*	*		*
	Mobile service [Lines 309, 409, 410, and a portion of 403 1/]	63,576	13,160	\$202	76,938	1,523	307	\$4	1,834
	Toll service [Lines 310, 311, 312, 313, 314, 411, 412, 413, 414, 415, 416, 417, and a portion of 403 1/]	1,101	359	16	1,476	19	14	*	33
	Total telecommunications service revenues	64,823	13,527	218	78,568	1,556	338	5	1,899
	Total telecommunications service provided for resale (from Table 1.5)	4,308	747	14	5,070	236	80	*	315
	Total telecommunications service provided to end users (from Table 1.6)	<u>60,515</u>	<u>12,780</u>	<u>204</u>	<u>73,498</u>	<u>1,321</u>	<u>258</u>	<u>5</u>	<u>1,584</u>
	Total telecommunications service revenues	64,823	13,527	218	78,568	1,556	338	5	1,899
418	Enhanced services, inside wiring maintenance, billing and collection, customer premises equipment, published directory, dark fiber, Internet access, cable TV program transmission, and non-telecommunications service revenues	---	---	---	14,845	---	---	---	897
419	Gross billed revenues from all sources	---	---	---	\$93,413	---	---	---	\$2,796

Note: Amounts may not add to totals due to rounding.
* Denotes values greater than \$0 but less than \$500,000.
1/ Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal universal service contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2004).

Table 1.7
Total Revenues: 2002
Continued
(Dollar Amounts Shown in Millions)

Data from FCC Form 499-A		Toll Carriers				Total All Filers			
Line		Intrastate	Interstate	International	Total	Intrastate	Interstate	International	Total
	Fixed local service other than payphone [Lines 303, 304, 305, 307, 308, 404, 405, 406, 408, and a portion of 403 1/]	\$4,230	\$1,046	\$82	\$5,357	\$86,382	\$39,450	\$100	\$125,931
	Payphone [Lines 306 and 407]	30	23	4	57	992	194	6	1,192
	Mobile service [Lines 309, 409, 410, and a portion of 403 1/]	1,899	383	2	2,283	67,439	13,874	208	81,521
	Toll service [Lines 310, 311, 312, 313, 314, 411, 412, 413, 414, 415, 416, 417, and a portion of 403 1/]	18,229	40,444	14,564	73,237	25,772	42,962	14,964	83,697
	Total telecommunications service revenues	24,388	41,895	14,651	80,934	180,585	96,479	15,277	292,341
	Total telecommunications service provided for resale (from Table 1.5)	3,404	7,132	5,105	15,642	25,770	28,823	5,315	59,907
	Total telecommunications service provided to end users (from Table 1.6)	<u>20,984</u>	<u>34,762</u>	<u>9,546</u>	<u>65,292</u>	<u>154,815</u>	<u>67,657</u>	<u>9,962</u>	<u>232,434</u>
	Total telecommunications service revenues	24,388	41,895	14,651	80,934	180,585	96,479	15,277	292,341
418	Enhanced services, inside wiring maintenance, billing and collection, customer premises equipment, published directory, dark fiber, Internet access, cable TV program transmission, and non-telecommunications service revenues	---	---	---	23,116	---	---	---	60,406
419	Gross billed revenues from all sources	---	---	---	\$104,050	---	---	---	\$352,747

Note: Amounts may not add to totals due to rounding.

* Denotes values greater than \$0 but less than \$500,000.

1/ Includes a proportionate share of amounts reported on Line 403 as surcharges or other amounts on bills identified as recovering state or federal universal service contributions.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2004).

Table 1.8
Revenues by Type of Carrier: 2002
(Dollar Amounts Shown in Millions)

Data from FCC Form 499-A	Telecommunications Services Provided for Resale ^{1/}				Telecommunications Services Provided to End Users ^{1/}			
	Fixed Local	Mobile	Toll	Total	Fixed Local	Mobile	Toll	Total
Regional Bell Operating Companies	\$26,152	\$56	\$138	\$26,346	\$65,582	\$290	\$4,541	\$70,414
Other Incumbent Local Exchange Carriers (ILECs)	<u>7,851</u>	<u>10</u>	<u>51</u>	<u>7,912</u>	<u>9,779</u>	<u>67</u>	<u>472</u>	<u>10,318</u>
Total ILECs	34,003	66	189	34,258	75,361	357	5,014	80,732
Competitive Access Providers (CAPs) and Competitive Local Exchange Carriers (CLECs)	2,823	*	804	3,627	7,178	34	2,204	9,416
Local Resellers	260	1	72	332	1,005	2	200	1,206
Private Service Providers	5		178	182	5	*	93	98
Shared-Tenant Service Providers	1		*	1	26	*	15	41
Other Local Service Providers	<u>281</u>	<u>—</u>	<u>52</u>	<u>334</u>	<u>61</u>	<u>4</u>	<u>7</u>	<u>72</u>
Total Local Competitors	3,370	1	1,105	4,476	8,275	40	2,518	10,834
Fixed Local Service Providers	37,372	67	1,294	38,734	83,636	397	7,532	91,566
Payphone Service Providers	144		3	147	372	*	122	494
Wireless Telephony Including Cellular, Personal Communications Service (PCS) and SMR Telephony Carriers	72	4,516	482	5,069	81	72,423	994	73,498
Paging & Messaging Service Providers	2	302	5	309	4	1,144	16	1,164
Specialized Mobile Radio (SMR) Dispatch		*		*	*	204	1	206
Wireless Data and Other Mobile Service Providers	2	4		6	22	179	12	214
Wireless Service Providers	76	4,822	487	5,385	108	73,951	1,023	75,082
Interexchange Carriers (IXCs)	598	47	11,608	12,253	4,257	1,025	50,610	55,892
Operator Service Providers (OSPs)	2		36	38	3		514	517
Prepaid Calling Card Providers	*		10	10	*	*	450	450
Satellite Service Providers		7	114	121		12	272	284
Toll Resellers	155	76	1,275	1,506	303	1,102	6,368	7,773
Other Toll Carriers	64	*	1,649	1,714	32	13	330	375
Toll Service Providers	819	131	14,692	15,642	4,595	2,152	58,545	65,292
All Filers	\$38,412	\$5,020	\$16,476	\$59,907	\$88,711	\$76,501	\$67,222	\$232,434

Note: Amounts may not add to totals due to rounding.

* Denotes values greater than \$0 but less than \$500,000.

^{1/} Telecommunications service provided for resale consists of services provided to other contributors to federal universal service support mechanisms for resale. Revenues from services provided to firms that are *de minimis* or otherwise exempt from federal universal service support mechanisms are reported as end-user service and are subject to contribution requirements.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2004).

Table 1.8
Revenues by Type of Carrier: 2002
Continued
(Dollar Amounts Shown in Millions)

Data from FCC Form 499-A	Universal Service Contribution Base Revenues <u>1/ 2/</u>	Telecommunications Service Revenues					Other Revenues <u>3/</u>	Total
		Intrastate	Interstate	International to International	Other International	Total		
Regional Bell Operating Companies	\$14,183	\$67,756	\$29,002		\$2	\$96,760	\$10,924	\$107,685
Other Incumbent Local Exchange Carriers (ILECs)	<u>2,191</u>	<u>11,942</u>	<u>6,279</u>	—	<u>9</u>	<u>18,230</u>	<u>2,745</u>	<u>20,975</u>
Total ILECs	16,374	79,698	35,281		11	114,990	13,669	128,660
Competitive Access Providers (CAPs) and Competitive Local Exchange Carriers (CLECs)	3,284	8,231	4,557	\$1	254	13,043	3,472	16,515
Local Resellers	267	1,175	339	1	22	1,538	1,118	2,656
Private Service Providers	74	29	147		105	281	2,905	3,185
Shared-Tenant Service Providers	15	27	10		5	42	46	88
Other Local Service Providers	<u>14</u>	<u>116</u>	<u>289</u>	—	<u>1</u>	<u>406</u>	<u>306</u>	<u>712</u>
Total Local Competitors	3,653	9,578	5,342	2	387	15,309	7,846	23,155
Fixed Local Service Providers	20,027	89,276	40,623	2	398	130,300	21,515	151,815
Payphone Service Providers	35	542	97		2	641	33	674
Wireless Telephony Including Cellular, Personal Communications Service (PCS) and SMR Telephony Carriers	12,983	64,823	13,527	*	218	78,568	14,845	93,413
Paging & Messaging Service Providers	169	1,226	246		1	1,473	550	2,023
Specialized Mobile Radio (SMR) Dispatch	19	188	19		*	206	66	272
Wireless Data and Other Mobile Service Providers	75	143	73	*	3	220	281	500
Wireless Service Providers	13,246	66,379	13,864	1	223	80,467	15,742	96,209
Interexchange Carriers (IXCs)	38,176	20,113	37,262	523	10,247	68,146	15,467	83,613
Operator Service Providers (OSPs)	212	315	188	4	47	554	108	663
Prepaid Calling Card Providers	436	8	37	7	408	460	49	510
Satellite Service Providers	222	15	187	53	151	406	5,625	6,030
Toll Resellers	4,374	3,707	3,734	43	1,795	9,279	1,751	11,030
Other Toll Carriers	256	230	486	3	1,371	2,089	115	2,205
Toll Service Providers	43,675	24,388	41,895	633	14,018	80,934	23,116	104,050
All Filers	\$76,983	\$180,585	\$96,479	\$636	\$14,641	\$292,341	\$60,406	\$352,747

Note: Amounts may not add to totals due to rounding.

* Denotes values greater than \$0 but less than \$500,000.

1/ Telecommunications service provided for resale consists of services provided to other contributors to federal universal service support mechanisms for resale. Revenues from services provided to firms that are *de minimis* or otherwise exempt from federal universal service support mechanisms are reported as end-user service and are subject to contribution requirements.

2/ Universal service contribution base revenues consist of all interstate and international end-user telecommunications revenues except for international-to-international revenues reported on Line 412. The totals include revenues from filers who are *de minimis* or otherwise exempt from contributing. This table also includes international revenues that were exempt from contribution because of the 12 percent rule. See Table 4 for details on exempt amounts.

3/ Carriers report non-telecommunications service revenues on Line 418. This category includes enhanced services, inside wiring maintenance, billing and collection, customer premises equipment, published directory, dark fiber, Internet, foreign carrier and other non-U.S.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2004).

Table 1.9
Carrier Telecommunications Revenues Reported on FCC Form 499-Q: 2003
(Dollar Amounts Shown in Millions)

Data from FCC Form 499-Q	Intrastate, Interstate and International Revenues			Interstate and International End-User Revenues <u>3/</u>			
	Service Provided For Resale <u>1/</u>	Service Provided To End Users <u>2/</u>	Total	Projected Billed	Projected Collected <u>4/</u>	Implied Uncollectible Rate	Historic Billed <u>5/</u>
Regional Bell Operating Companies	\$25,775	\$65,768	\$91,543	\$13,834	\$13,564	1.9%	\$14,109
Other Incumbent Local Exchange Carriers (ILECs)	<u>7,695</u>	<u>10,627</u>	<u>18,322</u>	<u>2,110</u>	<u>2,080</u>	1.4%	<u>2,495</u>
Total ILECs	33,470	76,395	109,865	15,943	15,644	1.9%	16,604
Competitive Access Providers (CAPs) and Competitive Local Exchange Carriers (CLECs)	3,644	11,741	15,385	4,040	3,901	3.4%	3,856
Local Resellers	360	1,258	1,617	252	239	5.2%	260
Private Service Providers	92	106	198	46	46	0.1%	77
Shared-Tenant Service Providers	1	55	56	14	11	18.2%	15
Other Local Service Providers	<u>336</u>	<u>96</u>	<u>432</u>	<u>24</u>	<u>21</u>	13.4%	<u>32</u>
Total Local Competitors	4,434	13,255	17,689	4,374	4,219	3.5%	4,240
Fixed Local Service Providers	37,904	89,650	127,554	20,318	19,862	2.2%	20,844
Payphone Service Providers	137	491	627	43	40	7.2%	37
Wireless Telephony Including Cellular, Personal Communications Service (PCS) and SMR Telephony Carriers	4,833	83,434	88,267	18,544	18,026	2.8%	19,226
Paging & Messaging Service Providers	206	880	1,086	200	139	30.4%	128
Specialized Mobile Radio (SMR) Dispatch	0	217	217	38	35	7.4%	45
Wireless Data and Other Mobile Service Providers	47	240	286	115	112	2.4%	76
Wireless Service Providers	5,086	84,770	89,857	18,898	18,313	3.1%	19,475
Interexchange Carriers (IXCs)	13,598	47,985	61,583	32,890	31,439	4.4%	32,779
Operator Service Providers (OSPs)	33	474	507	195	171	12.6%	185
Prepaid Calling Card Providers	23	558	581	273	272	0.3%	534
Satellite Service Providers	135	158	293	200	190	4.9%	136
Toll Resellers	2,852	9,423	12,276	5,494	5,187	5.6%	5,936
Other Toll Carriers	2,014	429	2,442	300	276	8.2%	304
Toll Service Providers	18,654	59,028	77,682	39,353	37,533	4.6%	39,874
All Filers	\$61,781	\$233,939	\$295,720	\$78,610	\$75,747	3.6%	\$80,231

See notes on next page.

Notes for Table 1.9

Note: Amounts may not add to totals due to rounding.

- 1/ Telecommunications service provided for resale consists of services provided for resale as telecommunications to other contributors to federal universal service support mechanisms. Revenues from services provided to firms that are *de minimis* or otherwise exempt from federal universal service support mechanisms are reported as end-user service.
- 2/ The FCC Form 499-A and the FCC Form 499-Q have different reporting requirements for revenues from telecommunications calls that traverse the United States but both originate and terminate in foreign points. These calls are termed international-to-international calls and are reported with end-user revenues on the FCC Form 499-A and are included in contribution bases for telecommunications relay service, local number portability and number administration. However, these revenues are exempt from universal service contribution and are not included with end-user telecommunications revenues on the FCC Form 499-Q. This table, which is based on the FCC Form 499-Q, does not include international-to-international revenues.
- 3/ The FCC Form 499-Q collects total, interstate and international billed end-user revenues for the most recently completed quarter. Filers also project interstate and international (but not total) billed end-user revenues for the next calendar quarter. In addition, filers project how much of the billed revenues actually will be collected. Projected collected end-user interstate and international revenues form the base for universal service support contributions. For example, the May 2004 filings contain historic revenue data for the first quarter of 2004 and projected revenue data for the third quarter of 2004.
- 4/ These tables show carrier's carrier and end-user telecommunications revenues reported on FCC Form 499-Q filings. Telecommunications providers who are exempt from contributing to universal service support mechanisms are not required to file this form. Some exempt providers nonetheless file and their revenues are included in the tables. In addition, some filers are not required to contribute on international revenues if their interstate end-user revenues represent less than 12% of their combined interstate and international end-user revenues -- a test referred to as the 12% rule. Thus, total interstate and international revenues shown in this table slightly exceed universal service contribution base revenues.
- 5/ Filers report historic billed revenues two quarters after they provide projections for the quarter. Filers subsequently report historic billed revenues for the year on their FCC Form 449-A filings. The annual data, which is not yet available for 2003, will provide more accurate data for the year.

Data filed on FCC Forms 499-Q Worksheets. See also: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2004) available at <<http://www.fcc.gov/wcb/iatd/stats.html>>.

Table 1.10
Universal Service Program Requirements and Contribution Factors for 2003
(Dollar Amounts Shown in Millions)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
All Support Mechanisms					
Projections of demand and administrative expenses at the time the contribution factors were adopted					
High Cost					
High-Cost Loop Support	\$280.063	\$278.254	\$285.421	\$285.728	\$1,129.466
Local Switching Support	\$106.680	\$109.231	\$112.669	\$112.256	\$440.836
Long-Term Support	\$125.214	\$127.103	\$130.579	\$130.579	\$513.475
Interstate Common Line Support	\$93.085	\$95.873	\$108.729	\$106.621	\$404.308
Interstate Access Support Mechanism	\$162.500	\$162.500	\$162.500	\$162.500	\$650.000
Forward-Looking High Cost Mechanism	\$58.452	\$58.538	\$60.161	\$60.219	\$237.370
Prior Period True-ups	-\$42.700	-\$39.456	\$2.388	-\$48.013	-\$127.781
Administrative expenses	\$2.125	\$3.822	\$4.334	\$4.898	\$15.179
Interest income ¹	-\$0.605	-\$0.545	-\$0.393	-\$0.189	-\$1.732
Program Total	\$784.814	\$795.320	\$866.388	\$814.599	\$3,261.121
Low Income					
Lifeline Assistance	\$178.095	\$164.599	\$176.582	\$175.802	\$695.078
Link-Up	\$8.948	\$7.779	\$8.093	\$7.500	\$32.320
Incremental Toll Limitation	\$1.135	\$0.937	\$1.097	\$1.123	\$4.292
Prior Period true-ups	-\$2.206	-\$3.388	-\$12.539	-\$3.958	-\$22.091
Administrative expenses	\$0.489	\$0.929	\$1.045	\$1.737	\$4.200
Interest income ¹	-\$0.321	-\$0.193	-\$0.241	-\$0.102	-\$0.857
Program Total	\$186.140	\$170.663	\$174.037	\$182.102	\$712.942
Rural Health					
Rural Health Care Support	\$3.020	\$8.855	\$7.617	\$6.200	\$25.692
Prior Period True-ups	-\$0.424	\$0.282	\$0.078	-\$0.240	-\$0.304
Administrative expenses	\$0.694	\$0.696	\$0.644	\$0.654	\$2.688
Interest income ¹	-\$0.051	-\$0.033	-\$0.017	-\$0.019	-\$0.120
Program Total	\$3.239	\$9.800	\$8.322	\$6.595	\$27.956
Schools and Libraries					
Schools and Libraries Support	\$552.695	\$549.648	\$551.956	\$551.197	\$2,205.496
Prior Period True-ups	-\$26.485	\$2.810	-\$0.343	-\$15.710	-\$39.728
Administrative expenses	\$9.805	\$12.852	\$10.544	\$11.303	\$44.504
Interest income ¹	-\$9.666	-\$7.018	-\$4.848	-\$4.709	-\$26.241
Program Total	\$526.349	\$558.292	\$557.309	\$542.081	\$2,184.031
Grand Total	\$1,500.542	\$1,534.075	\$1,606.056	\$1,545.377	\$6,186.050
Applicable interstate and international end-user revenues					
Reported contribution base revenues	\$18,705.408	\$18,743.028	\$18,844.156	\$18,607.282	
Circularity Adjustment					
Amount carriers will contribute to USF in this quarter.	-\$1,302.320	-\$1,534.075	-\$1,606.056	-\$1,545.377	
Subtotal	\$17,403.088	\$17,208.953	\$17,238.100	\$17,061.905	
Adjustment factor for uncollectibles	1.00%	1.00%	1.00%	1.00%	
Contribution base at the time the factor was calculated	\$17,229.057	\$17,036.863	\$17,065.719	\$16,891.286	
Contribution factor	7.2805%	9.1000%	9.5000%	9.2000%	
Contribution factor times contribution base	\$1,254.362	\$1,550.355	\$1,621.243	\$1,553.998	

¹ Interest income is shown as negative because it is subtracted from expenses to yield the total.

² For the schools and libraries mechanism, periodic true-ups include applications of unused fund balance from prior periods.

Table 1.10
Universal Service Program Requirements and Contribution Factors for 2004
(Dollar Amounts Shown in Millions)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
All Support Mechanisms					
Projections of demand and administrative expenses at the time the contribution factors were adopted					
High Cost					
High Cost Loop Support	\$297.985	\$305.625	\$318.224		
Local Switching Support	\$112.442	\$116.409	\$120.566		
Long Term Support	\$138.011	\$142.900	\$0.000		
Interstate Common Line Support	\$114.937	\$113.324	\$270.209		
Interstate Access Support Mechanism	\$162.500	\$162.500	\$162.500		
Forward-Looking High Cost Mechanism	\$63.577	\$69.424	\$70.800		
Prior Period True-ups	-\$86.468	\$8.549	-\$14.944		
Administrative expenses	\$3.187	\$3.430	\$3.588		
Interest income ¹	-\$0.356	-\$0.352	-\$0.306		
Program Total	\$805.815	\$921.809	\$930.637		
Low Income					
Lifeline Assistance	\$171.362	\$166.804	\$185.029		
Link-Up	\$8.462	\$7.333	\$8.394		
Incremental Toll Limitation	\$1.145	\$1.010	\$1.353		
Prior Period true-ups	-\$18.456	\$10.680	\$6.766		
Administrative expenses	\$0.990	\$1.044	\$1.598		
Interest income ¹	-\$0.155	-\$0.171	-\$0.147		
Program Total	\$163.348	\$186.700	\$202.993		
Rural Health					
Rural Health Care Support	\$14.601	-\$0.488	\$12.643		
Prior Period True-ups	-\$0.677	\$0.867	\$0.419		
Administrative expenses	\$0.776	\$0.814	\$0.808		
Interest income ¹	-\$0.038	-\$0.038	-\$0.047		
Program Total	\$14.662	\$1.155	\$13.823		
Schools & Libraries					
Schools and Libraries Support	\$550.159	\$349.989	\$349.283		
Prior Period True-ups	-\$44.451	\$38.820	\$10.670		
Administrative expenses	\$12.341	\$12.511	\$13.217		
Interest income ¹	-\$6.378	-\$6.981	-\$6.112		
Program Total	\$511.671	\$394.339	\$367.058		
Grand Total	\$1,495.496	\$1,504.003	\$1,514.511		
Applicable interstate and international end-user revenues					
Reported contribution base revenues	\$18,894.138	\$19,100.887	\$18,707.211		
Circularity Adjustment					
Amount carriers will contribute to USF in this quarter.	-\$1,495.496	-\$1,504.003	-\$1,514.511		
Subtotal	\$17,398.642	\$17,596.884	\$17,192.700		
Adjustment factor for uncollectibles	1.00%	1.00%	1.00%		
Contribution base at the time the factor was calculated	\$17,224.656	\$17,420.915	\$17,020.773		
Contribution factor	8.7000%	8.7000%	8.9000%		
Contribution factor times contribution base	\$1,498.545	\$1,515.620	\$1,514.849		

¹ Interest income is shown as negative because it is subtracted from expenses to yield the total.

² For the schools & libraries mechanism, periodic true-ups include applications of unused fund balance from prior periods.

Table 1.11
Universal Service Support Mechanisms
(Dollars in Thousands)

Mechanism	2002		2003	
	Disbursements	Percent of Total	Disbursements	Percent of Total
High-Cost Support	\$2,949,308	56.0 %	\$3,273,222	61.1 %
High-Cost Loop (HCL) Support	1,064,257	20.2	1,084,786	20.3
Long-Term Support (LTS)	497,731	9.4	504,089	9.4
Local Switching Support (LSS)	375,892	7.1	420,154	7.8
High-Cost Model (HCM) Support	228,119	4.3	236,881	4.4
Interstate Access Support (IAS)	610,416	11.6	621,741	11.6
Interstate Common Line Support (ICLS)	172,894	3.3	399,420	7.5
Safety Net Additive Support (SNAS)	0	0.0	6,154	0.1
Low-Income Support	676,385	12.8	715,742	13.4
School and Libraries *	1,625,681	30.8	1,345,787 <i>p</i>	25.1
Rural Health Care *	18,554	0.4	19,198 <i>p</i>	0.4
All Universal Service Support	\$5,269,929	100.0 %	\$5,353,949	100.0 %

p indicates preliminary.

* Schools and libraries, and rural health care programs operate on a school year rather than a calendar year. Amounts for those programs in 2002 are for July 1, 2001 to June 30, 2002, and figures for 2003 are for July 1, 2002 to June 30, 2003. Disbursements for Schools and Libraries: as of May 6, 2004; and disbursements for Rural Health Care: as of June 14, 2004.

Note: Figures may not add due to rounding.

Source: Universal Service Administration Company (USAC). Refer to Table 1.12 for more details.

Chart 1.1
Distribution of Universal Service Payments

